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Supreme Court, U.S.
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IN THE

Supreme Court of the United States

OCTOBER TERM, 1990

LARRY HARMON PICTURES CORPORATION,
Petitioner,

v.

THE WILLIAMS RESTAURANT CORPORATION,
Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

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QUESTIONS PRESENTED FOR REVIEW

1. Whether the majority's holding in the Court of Appeals that a purely local business may register its name as a federal service mark under the Lanham Act is contrary to the intent of Congress, which Congress expressed (a) in specific statements in legislative history, and (b) by implication in using "affecting commerce" language in other broader-reaching federal statutes, while referring to use of the mark "in commerce" as a condition of registration in the Lanham Act.

2. Whether the majority in the appeals court improperly failed to distinguish between the degree of regulation intended by Congress over local businesses in the Lanham Act versus the outer limit of federal regulatory power under the Commerce Clause.

3. Whether principles of federalism and the intent of Congress are violated by the majority's holding that a purely local service business may register its name as a federal service mark under the Lanham Act, when this displaces the existing system of state law under which local business names have traditionally been protected.

4. Whether the majority's invitation to millions of local service businesses to register their names in the federal trademark system violates the intent of Congress by threatening to so overload the federal trademark system as to prevent registration of new national marks.

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No. 91-

In The

SUPREME COURT OF THE UNITED STATES

October Term, 1990

LARRY HARMON PICTURES CORPORATION,

Petitioners,

v.

THE WILLIAMS RESTAURANT CORPORATION,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Petitioner, Larry Harmon Pictures Corporation, respectfully prays that a writ of certiorari issue to review the judgment and opinion of the United States Court of Appeals for the Third Circuit entered in this civil (trademark

opposition) proceeding on March 27, 1991.[1]

REFERENCE TO OPINIONS BELOW IN OFFICIAL AND UNOFFICIAL REPORTS

The opinion of the Court of Appeals for the Federal Circuit is officially reported at 929 F.2d 662 (Fed. Cir. 1991), unofficially reported at 18 U.S.P.Q.2d 1292 (Fed. Cir. 1991) and appears in the Appendix at A-1. The opinion of the Trademark Trial and Appeal Board, which was affirmed in the opinion of the Court of Appeals for the Federal Circuit (with one judge dissenting) is unreported and appears in the Appendix at A-41.

JURISDICTION

This petition is filed within ninety days of the entry of the judgment

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[1] Pursuant to Rule 29.1 of this Court, petitioner advises that the parties have no parent or subsidiary companies.

of the Court of Appeals for the Federal Circuit on March 27, 1991. Jurisdiction is invoked under 28 U.S.C. § 1254(1).

STATUTE INVOLVED

The following sections of the Trademark Act of 1946 (Lanham Act), 60 Stat. 441 (1946), as amended (codified at 15 U.S.C. § 1051 et seq), with portions not pertinent deleted:

Section 1(a), 15 U.S.C. § 1051(a)

(a) The owner of trademark used in commerce may apply to register his or her trademark under this Act on the principal register hereby established:

(1) By filing in the Patent and Trademark Office--

(A) a written application, in such form as may be prescribed by the Commissioner, verified by the applicant, or by a member of the firm or an officer of the corporation or association applying, specifying applicant's domicile and citizenship, the date of applicant's first use of the mark, the date of applicant's first use of the mark in commerce * * * *

Section 3, 15 U.S.C. § 1053

Subject to the provisions relating to the registration of trademarks, so far as they are applicable, service

marks shall be registrable, in the same manner and with the same effect as are trademarks * * * *

Definitions of "commerce" and "use in commerce" from Section 45, 15 U.S.C. § 1027.

The word "commerce" means all commerce which may lawfully be regulated by Congress.

The term "use in commerce" means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For purposes of this Act, a mark shall be deemed to be in use in commerce--

* * * *

(2) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.

STATEMENT OF THE CASE

The majority below held, in this landmark case interpreting the U.S. Trademark (Lanham) Act, that a tiny, small-town restaurant is entitled to a nation-wide registration of its name as

a service mark under the Lanham Act on grounds that it is using its name "in commerce," the prerequisite for registration in Section 1 of the Act. The majority held that this use "in commerce" consisted of serving a few interstate travelers, which all local businesses do on occasion, and affirmed the summary dismissal of an opposition proceeding by petitioner against the respondent's service mark application.

This petition is significant in that it asks this Court to effectuate the intent of Congress in setting up the federal trademark system for marks used nationally, not purely locally, and leaving local businesses outside the federal trademark system and within the parallel state law and common law name protection system. Clarification of the intent of Congress in using "in

commerce" statutory language will also help local businesses under similar federal statutes escape unnecessary federal regulation, consistent with principles of federalism.

Facts and Proceedings Below

The respondent is the owner of a pit barbecue restaurant named BOZO'S located in the small town of Mason, Tennessee, population 471. A-4. Based on its use of the name BOZO'S at that one location, the respondent sought registration of its name as a federal service mark for restaurant services covering the entire nation. A-41,44. The petitioner filed a trademark opposition proceeding, under Lanham Act Section 13, 15 U.S.C. § 1063, on grounds that the respondent's local use in a single location in a small town did not satisfy the use in commerce requirement

for federal registration of marks under Lanham Act Sections 1 and 3, 15 U.S.C. §§ 1051 and 1053.[2]

The dissenting opinion in the Court of Appeals, at A-38-39, mentions some characteristics of the restaurant as proof of its "strictly local nature:"

> Other factual circumstances that were generally undisputed add weight to the strictly local nature of Bozo's Restaurant: It was not on an interstate highway or near a state line. It was not listed in any travel guide. It was not listed in any restaurant guide. It was not advertised in any out-of-state media. It had no liquor license, accepted no credit cards, and took no reservations. It was closed on sundays.

The Trademark Trial and Appeal Board (the administrative tribunal in

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[2] Petitioner filed that proceeding because it owns the well-known children's television show character Bozo the Clown and has licensed the use of the mark BOZO for foods and other products.

the U.S. Patent and Trademark Office that decides proceedings relating to registration) granted a motion for summary judgment by respondent and dismissed the opposition proceeding on grounds that it was undisputed that any restaurant will serve at least a few interstate travelers and, "on that basis alone," the respondent satisfied the use in commerce requirement for federal registration of a mark. A-47. The Court of Appeals for the Federal Circuit affirmed 2-1 for the same reason in an opinion by Judge Archer in which Judge Markey (who has since left the Court) joined. The basis for the affirmance was that the Lanham Act allegedly allows registration of all businesses falling within the federal commerce power and that the local restaurant here clearly falls within that power. A-19. One

judge, Pauline Newman, dissented, on grounds essentially similar to those stated in this petition.

JURISDICTION BELOW

Jurisdiction of the Trademark Trial and Appeal Board was based on Sections 13 and 17 of the Lanham Act, 15 U.S.C. §§ 1063 and 1067. The Court of Appeals for the Federal Circuit had jurisdiction pursuant to Section 21(a)(1) of the Lanham Act, 15 U.S.C. § 1071(a)(1).

REASONS TO GRANT CERTIORARI

POINT I

THIS ISSUE IS RIPE FOR CERTIORARI NOW

A. The Court of Appeals for the Federal Circuit is the only appeals court in which the issue arises, so that no split among the circuits is likely to develop later and make the issue more ripe for Supreme Court consideration

All the many prior appeals on the issue here -- whether services rendered

in one state only are "rendered in commerce" and may be the subject of a federal service mark registration -- were heard in the Court of Appeals for the Federal Circuit and its predecessor court, the Court of Customs and Patent Appeals. The issue does not arise in other federal courts because the Court of Appeals for the Federal Circuit is the principal reviewing court for decisions relating to requirement for registration of marks. Lanham Act Section 21(a), 15 U.S.C. § 1071(a).

B. The cases on this issue in the Court of Appeals for the Federal Circuit are so divided, and that court is so likely to stay divided in future, that the Supreme Court's guidance is essential to settle the issue.

The issue of whether businesses rendering services only in one state are entitled to federal service mark registration has perplexed and divided

the CAFC and its predecessor court for decades. The Court of Appeals decision here is a 2-1 decision taking an extreme position on the issue, with a vigorous and persuasive dissent by Judge Newman. That court's previous decision on the issue, Gastown (described in the dissent at A-28), took a more moderate position on the issue, but was still a 3-2 decision, with an impassioned dissent saying that the majority strayed disastrously from the intent of Congress. The court's decision on the issue before that, Bookbinder's (described in the majority opinion at A-8) laid down a rule directly contrary to that stated by the majority in the case at bar, although the pertinent statute has not changed.

Recent cases in the Trademark Trial and Appeal Board in which this issue

arises at the trial level are also hopelessly contradictory.[3] Future cases in that tribunal will no doubt be appealed to the CAFC. A different CAFC panel from the majority below will probably decide the issue in yet another way, especially since one of the majority below, former Chief Judge Markey, has left the Court.

The Supreme Court's guidance is urgently needed to settle this very important issue that has been the subject of many contradictory decisions during the entire 45 year history of the Lanham Act. The issue directly determines what kind of trademark system this country will have and whether millions of businesses can or should file applications for federal

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[3] Compare the cases cited by the dissent at A-27, A-30 and A-36.

registration of their marks. It is an issue of much greater importance under the Lanham Act than the issue of the meaning of "incontestability" of a registered mark that this Court resolved, after granting certiorari, in Park 'N Fly, Inc. v. Dollar Park & Fly, Inc., 469 U.S. 189 (1985).

POINT II

THE MAJORITY BELOW IGNORES THE INTENT OF CONGRESS THAT NATIONAL BUSINESSES SHOULD RECEIVE FEDERAL TRADEMARK AND SERVICE MARK REGISTRATIONS AND PURELY LOCAL BUSINESSES SHOULD NOT

The majority opinion in the Court of Appeals grossly misread the intent of Congress as expressed in the Lanham Act's language and history. It held that the Court of Appeals did "not have the power" to interpret the statute as making any local businesses that Congress can regulate under the Commerce Clause (based on its effects on

commerce) ineligible for federal registration. Thus, the majority held in effect that every purely local service business was entitled to a nation-wide federal registration of its service mark. A-21.

However, Congress never intended to regulate so broadly. The majority below mistook the definition of "commerce" in Lanham Act Section 45 (which is, concededly, all commerce that Congress may regulate) for a statement that Congress intended the "use in commerce" requirement for registration under the Act to be equally far-reaching.[4]

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[4] As to services, Section 45 defines a mark in "use in commerce" as being used for services "rendered in commerce." Thus, the opinions below refer interchangeably to the issue of whether a mark was "used in commerce" or the services under the mark were "rendered in commerce."

The majority's holding that all local services that affect commerce are "rendered in commerce" is directly contrary to the legislative history quoted in Judge Newman's dissent at A-34-35 -- a colloquy of Senator Pepper and others in 1944 hearings -- indicating that "it is the intention of the bill to apply only to commerce among the States and to foreign commerce... And not to local matters that affect or hamper interstate commerce."

This Court has held repeatedly, however, both before and after the Lanham Act was enacted, that the phrase "in commerce," as distinct from "affecting commerce," shows an intent by Congress not to legislate to the outer limits of Congressional power under the Commerce Clause and to leave small, local businesses outside the coverage of

the federal statute concerned. E.g., FTC v. Bunte Bros., 312 U.S. 349 (1941) ("unfair methods of competition in commerce" in Section 5 of the Federal Trade Commission Act held not to mean all unfair competitive acts affecting commerce); United States v. American Building Maintenance Industries, 422 U.S. 271 (1975) (coverage of persons "engaged in commerce" in Section 7 of the Clayton Act, 15 U.S.C. § 18, held not to extend to a local business whose activities, while substantial, were all conducted within a single state).

In the American Building case, this Court held that Congress' choice of the narrower "in commerce" formulation, rather than the phrase "affecting commerce," indicated that the statute "was not intended to reach all corporations engaged in activities

subject to the federal commerce power." 422 U.S. at 283. Rather, this Court held that "engaged in commerce" in that statute "means engaged in the flow of interstate commerce." Id.[5]

The implication of denying certiorari here for all fields of law (not just trademarks) will be that the misinterpretation of the intent of Congress by the majority in the Court of Appeals was correct and that this Court has changed its position since it decided American Building in 1975. This

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[5] Further support for the view that Congress did not intend all local use of a mark to be "use in commerce," even if it affects commerce, is found in the Lanham Act itself. Section 1(a)(1)(A) (formerly Section 1(a)(1)) requires that the federal trademark or service mark application state both "the date of applicant's first use of the mark" and "the date of applicant's first use of the mark in commerce." (Emphasis added.) The implication, of course, is that some initial use by the applicant will be so local as not to constitute "use in commerce."

will be an invitation for aggressive litigants and regulatory agencies to further expand federal regulatory power, and especially power under all statutes that use "in commerce" language. Denying certiorari would, therefore, have grave effects on the balance of federal/state power and on the right of persons engaged in purely local activities to be free of interference from the federal bureaucracy.

In the field of trademarks, denying certiorari also produces a trademark system totally unlike the two-tier federal and state system intended by Congress, as further explained in Point III.

This Court's observation in Bunte, cited with approval in American Building, is equally applicable here.

> "The construction of § 5 urged by the Commission would thus

> give a federal agency pervasive control over myriads of local businesses in matters heretofore traditionally left to local custom or local law. . . . An inroad upon local conditions and local standards of such far-reaching import as is involved here, ought to await a clearer mandate from Congress." 312 US, at 354-355, 85 L Ed 881, 61 S Ct. 580, cited at 422 U.S. 276-77 [footnote omitted].

If this Court grants certiorari and reverses the Court of Appeals in due course, its opinion will set a clear standard for interpreting the "rendered in commerce" requirement of Section 45 for registration of a service mark. That standard must be that, as stated in American Building, supra, the applicant for registration is using the mark for services "engaged in the flow of interstate commerce" and not merely for services that affect interstate commerce because, for example, the applicant serves interstate traveler customers in

person at its single location in a single state.

For a single-location service business rendering services only in one state, using a mark for services "engaged in the flow of interstate commerce" would mean (1) remotely serving customers out-of-state, such as a stock broker in one state taking phone orders from customers in another state, or (2) rendering services that are an integral part of the interstate transportation system, such as a small feeder airline that takes passengers arriving from other states at its state's major airport and flies them on to their ultimate destinations in smaller cities in the state.

POINT III

THE EXTREME EXPANSION OF NUMBERS OF LOCAL BUSINESSES QUALIFYING FOR FEDERAL REGISTRATION IN THE MAJORITY

DECISION BELOW IS CONTRARY TO THE INTENT OF CONGRESS AND WILL WRECK THE FEDERAL TRADEMARK SYSTEM

A. Wholesale registration of names of local service businesses would contravene the intent of Congress by making new names of truly national users impossible to register

A principal rationale for national registration of marks is to make marks that a registrant uses in many states subject to a uniform federal law rather than varying state laws. Park 'N Fly, Inc. v. Dollar Park & Fly, Inc., 469 U.S. 189, 193 (1985). This means that Congress intended that the federal trademark system operate in such a way as to make new marks available for registration by national or, at least, multi-state users. The majority's decision will frustrate that intent by choking the system with local marks.

There is nothing in the decision below that limits its effect to restaurants. The majority holds, at A-21:

> The Lanham Act by its terms extends to all commerce which Congress may regulate.

Taken literally, this means that all small businesses of all kinds, whether they sell goods or services, can apply to federally register their marks. The "commerce which Congress may regulate" now encompasses virtually all economic activity, including purely intrastate activity that affects commerce only marginally. See Katzenbach v. McClung, 379 U.S. 294 (1964) (holding that the very slight effects on interstate commerce of a local restaurant with no out-of-state customers are sufficient to fall within the "affecting commerce" language of the Civil Rights Act of 1964

and holding that Act a proper exercise of federal power under the Commerce Clause). Thus, the majority not only invites hundreds of thousands of local restaurants to register their names in Washington; it invites literally millions of local businesses of all kinds to register their names.[6] If even a small fraction apply, this would make the federal register of marks so crowded that companies operating in many states or nation-wide will not be able to register new marks. The federal

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[6] According to 1987 Census Bureau figures, there are 5,937,061 "business establishments" in the U.S., including 388,442 "eating and drinking places." See table of numbers of business establishments of various types from the U.S. Bureau of the Census, County Business Patterns 1987 (1990), reproduced in The Universal Almanac, p. 227 (Andrews and McMeel 1991).

register of marks is already extremely crowded.[7]

Every mark that is federally registered will prevent many others from ever being registered.[8] Businesses already have great difficulty in finding

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[7] According to a report of the Commissioner of Patents and Trademarks in 1988, there were then approximately 620,000 existing federal trademark and service mark registrations, and approximately 70,000 new applications for marks were filed in 1987 alone. Commissioner Donald J. Quigg, Inventors Never Rest -- Commissioner's Annual Report to the American Bar Association, reprinted at 36 Patent, Trademark & Copyright Journal (BNA) 431, 436 (August 25, 1988).

[8] The Patent and Trademark Office, under Lanham Act Section 2(d), 15 U.S.C. § 1052(d), is obliged to refuse registration if the mark is confusingly similar to a mark previously registered for similar or related goods or services. Restaurant services, for example, are considered related to, and will bar applications for, similar marks for other types of goods and services, such as foods and grocery store services. E.g., In re Pick-N-Pay Supermarkets, Inc., 185 U.S.P.Q. 172 (T.T.A.B. 1974).

available marks for registration and use. Raising local service business names to the status of federal service marks will make that problem infinitely worse. The Wall Street Journal reports:

> "Despite spending hundreds of thousands of dollars to try to come up with original names, marketers say they are running into far more trademark conflicts. The main problem is that the number of available--and appealing--names keeps shrinking." "It's Slim Pickings in Product Name Game." Wall Street Journal, November 29, 1988, page B1.

Over-crowding the register with local marks will <u>frustrate</u> the intent of Congress in several ways:

> 1) By forcing national businesses to use marks without federally registering them and to rely, instead, on their rights under the different laws of the various states (precisely the evil that the Lanham Act's federal registration system was supposed to cure), and
>
> 2) By discouraging national businesses from launching new

products and services because the companies cannot find registrable marks (resulting in a reduction of the interstate business activity that the Lanham Act was intended to encourage), and

3) By forcing national businesses to buy federal registrations of marks obtained by small, local companies (creating a kind of legal protection racket under which the price of a registration -- based on the scarcity of available registrations -- will vastly exceed its value in terms of the seller's actual goodwill). This will greatly increase the real cost of national companies obtaining federal registration, contrary to the intent of Congress that the Lanham Act would reduce the costs and uncertainties of obtaining national protection of marks.

B. Congress never intended registration of local marks.

It is not the policy of the Lanham Act to federally register every mark used in the U.S., no matter how local and limited the use may be. There is not a shred of legislative history to

that effect. It should be noted that, in contrast to the U.S. Copyright Law, Congress specifically did not preempt state trademark registration systems and state unfair competition law.[9]

Under the common law, local services businesses can also protect their names against infringement by suing in state courts for common law trade name infringement. McCarthy, n.9 supra, § 9:5. That state law system works and was in place in 1946, when the Lanham Act was enacted, and is still in place today.

Single-location restaurants are uniquely and specially local and, therefore, not within the group of users

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[9] All 50 states have state trademark registration procedures. Forty-two states, including respondent's home state, Tennessee, also register service marks. See chart at J. McCarthy, Trademarks and Unfair Competition § 22:5 (2d ed. 1984).

of marks for whom Congress intended the federal registration system. Companies in one location providing, for example, information or financial services, such as stock brokers, can render their services by mail or phone to persons in distant places in other states. Federal registration of their marks may be in accord with the intent of Congress. In a restaurant, by contrast, food is cooked in the restaurant building and served to persons inside or outside the restaurant building. The entire process happens in a single location in a single state. Restaurant services, unlike products, are not transportable in commerce and also cannot be rendered remotely, unlike certain other services. Most restaurants, except restaurants catering to travelers on interstate highways, draw their customers from

their local communities. Most customers will only travel so far to buy a meal -- not a great distance.

Thus, a local, single-location restaurant (and other similar service establishments, such as hair salons, dry cleaners, newsstands and shoe repair shops) fall outside the Lanham Act rationale of assuring uniform national treatment of a mark. The only law pertinent to a mark of such a local business is the law of the state in which it is located. If it is infringed, it can always sue in state court. A local business which wants to

record a claim to its name can obtain a state registration.[10]

CONCLUSION

Reversal of the majority decision below is urgently needed to keep the national trademark system functioning in the manner intended by Congress and to affirm important principles of federalism. Therefore, this Court should grant this petition for a Writ of Certiorari and set this case down for briefing and argument on the merits

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[10] Reversing the Court of Appeals will not prevent restaurant chains or franchises with restaurants in more than one state from obtaining federal registration. A chain's or franchise's restaurant services in two or more states would come within the part of the Section 45 definition of "use in commerce" that is not at issue here -- services that "are rendered in more than one state." As soon as a local restaurant opened a second restaurant in another state, it could properly apply for registration. This respondent, incidentally, has shown no sign of opening a second restaurant in all its years of operation since 1923.

leading to clarification of this enormously important area of the law, and reversal of the decision below.

Respectfully submitted,

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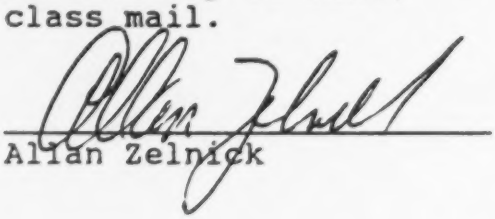
Dated: June 22, 1991

CERTIFICATE OF SERVICE

I hereby certify that three copies of this document were served upon respondent's attorney, Lalos & Keegan, 900 Seventeenth Street, N.W., Washington, D.C. 20006, ATTN: Susan B. Flohr, Esq., this 25th day of June, 1991, by first class mail.



Allan Zelnick

APPENDIX

OPINION OF THE COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

UNITED STATES COURT OF APPEALS FOR
THE FEDERAL CIRCUIT

89-1336

LARRY HARMON PICTURES CORPORATION,

Appellant,

v.

THE WILLIAMS RESTAURANT CORPORATION,

Appellee.

David Ehrlich, Weiss Dawid Fross Zelnick & Lehrman, P.C., of New York, New York, argued for appellant.

Susan B. Flohr, Lalos & Keegan, of Washington, D.C., argued for appellee. With her on the brief was Francis A. Keegan.

Appealed from: United States Patent & Trademark Office
Trademark Trial & Appeal Board

UNITED STATES COURT OF APPEALS FOR
THE FEDERAL CIRCUIT

89-1336

LARRY HARMON PICTURES CORPORATION,

Appellant,

v.

THE WILLIAMS RESTAURANT CORPORATION,

Appellee.

DECIDED: March 27, 1991

Before MARKEY,* NEWMAN and ARCHER, Circuit Judges.

ARCHER, Circuit Judge.

This is an appeal from the grant of a summary judgment by the United States Patent and Trademark Office Trademark Trial and Appeal Board (board),

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* Circuit Judge Markey vacated the position of Chief Judge on June 27, 1990.

Opposition No. 73,217 (January 13, 1989), dismissing the opposition of Larry Harmon Pictures Corporation (Harmon) to the application for registration by The Williams Restaurant Corporation (Williams) of the service mark BOZO'S for restaurant services. On the sole issue raised by Harmon's opposition, the board held that Williams "satisfied the use in commerce requirement of Section 3" of the Lanham Trademark Act of 1946, 15 U.S.C. § 1053 (1988). We affirm.

I

The board found the following facts to be undisputed. Williams has operated BOZO'S pit barbecue restaurant in Mason, Tennessee, since 1932. Mason is about a 50 or 60 minute drive from Memphis, Tennessee, which is a large city and a major commercial center for the Mid-South region. The Memphis metropolitan statistical area comprises not only a portion of Tennessee, but also portion of Mississippi and Arkansas. As conceded by Harmon before the board, BOZO'S "restaurant is obviously popular with Memphis residents . . . It is close enough (50-60 minutes) to make a pleasant outing from the city. Articles . . . from Memphis newspapers and magazines also refer to the restaurant's popularity with Memphis residents." In addition, BOZO'S restaurant has been at

least mentioned in publications originating in New York, New York; Washington, D.C.; Dallas, Texas; Gila Bend, Arizona; and Palm Beach, Florida. Further, according to the board's opinion, "[t]here is no dispute that BOZO'S restaurant services are rendered to interstate travelers" and Harmon "acknowledges that applicant's restaurant . . . serves some interstate travelers."

The board concluded on the basis of these "undisputed facts" that Williams had made use of its service mark BOZO'S in a manner sufficient to satisfy the use in commerce requirement of Section 3 of the Lanham Act. The board, therefore, granted Williams' motion for summary judgment and dismissed Harmon's opposition. In doing so it stated that it "resolve[d] all factual disputes in

favor of [Harmon]" and "construe[d] all inferences to be drawn from established facts in the light most favorable to [Harmon]." The proper standard for considering a summary judgment motion was therefore applied. Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 255 (1986) ("The evidence of the non-movant is to be believed, and all justifiable inferences are to be drawn in his favor.").[1]

---

[1] In the proceedings below, Miss Williams' affidavit estimated "that 15% of BOZO's business each year is with customers from other states. This has been true for many years including prior to October 28, 1982." Supporting the fact that restaurant services were rendered to interstate travellers, the board also had before it the stipulated pages from the visitor's register maintained by BOZO's restaurant for a period subsequent to the application filing date and a number of affidavits and letters from persons out of state who had patronized BOZO's at various times prior to the application filing date. The only contrary evidence before the board was that Harmon's representative visited the restaurant

II

The only issue in this appeal is whether the board correctly concluded that the "use in commerce" requirement set forth in Section 3 of the Lanham Act is satisfied by the service in a single-location restaurant of interstate customers. Harmon argues that the use in commerce requirement of Section 3

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from 11:00 a.m. to 1:00 p.m. on June 29, 1987, and "did not see a single customer who seemed to be from out-of-state or a single out-of-state car in the restaurant's parking lot." The board's holding implicitly recognized that this evidence was not adequate to raise a genuine issue of material fact. See Fed. R. Civ. Proc. 56(c). Harmon argues that Miss Williams' affidavit is "biased and self serving" and "suspect for many reasons." The arguments of Harmon's counsel are insufficient to raise a genuine issue of material fact where there is an absence of probative evidence conflicting with the evidence presented by Williams. Anderson v. Liberty Lobby, Inc., 477 U.S. at 249 ("If the [non-movant's] evidence is merely colorable . . . or is not significantly probative . . . summary judgment may be granted.").

cannot be satisfied by a single-location restaurant, such as BOZO'S, that serves only a minimal number of interstate travelers. In support of its argument, Harmon relies on In re Bookbinder's Restaurant, Inc., 240 F.2d 365, 112 USPQ 326 (CCPA 1957), in which a single-location restaurant in Philadelphia was not permitted to register its service mark. Harmon further contends that if the Bookbinder's rule -- which it interprets to be that single-location restaurants, not located on an interstate highway, cannot be considered as rendering services in commerce -- seems too restrictive, this court should adopt the test that a single-location restaurant is not entitled to register its service mark unless (1) it is located on an interstate highway, (2) at least 50% of its meals are served to

interstate travelers, or (3) it regularly advertises in out-of-state media. We decline to circumscribe the statute in the manner suggested.

Section 1 of the Lanham Act provides that the "owner of a trade-mark used in commerce may apply to register his trade-mark under this chapter." 15 U.S.C. § 1051 (1988) (emphasis added). Section 3 of the Act states that "service marks shall be registrable, in the same manner and with the same effect as are trade-marks." 15 U.S.C. § 1053 (1988). In general, therefore, service marks must be "used in commerce" before they may be registered.

Section 45 of the Lanham Act provides the following definitions for the word "commerce" and the phrase "use in commerce:"

> The word "commerce" means all commerce which may

> lawfully be regulated by Congress.
>
> . . . .
>
> For purposes of this chapter a mark shall be deemed to be in use in commerce . . . on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.

15 U.S.C. § 1127 (1988) (emphasis added).

Congress has broad powers under the commerce clause of the United State Constitution, Art. 1, sec. 8, to regulate interstate commerce. In In re Silenus Wines, Inc., 557 F.2d 806, 194 USPQ 261 (CCPA 1977), this court's predecessor observed that the Lanham Act represented a change in the scope of federal trademark jurisdiction and that

in making the change "Rep. Lanham and his subcommittee," and presumably the Congress, were "mindful of the broad scope of Congressional regulatory powers which the Supreme Court has sanctioned." Id. at 810, 194 USPQ at 265. The CCPA stated:

> In the Lanham Act, Congress set out what appears to be an unambiguous statement of the scope of federal trademark jurisdiction, namely, "all commerce which may lawfully be regulated by Congress." 15 USC 1127 (1976). This language represents an obvious change from the phrasing of the former trademark acts, which phrasing expressly limited trademark jurisdiction to interstate and foreign commerce and commerce with Indians. [Footnote omitted.] The change clearly involves a broadening of jurisdiction.10/

10/ The Supreme Court, looking at the change as it applied to infringement, expressly recognized "the broadened commerce provisions of the Lanham Act." Steele v. Bulova Watch Co., 344 U.S.

280, 287, 95 USPQ 391, 394 (1952).

Silenus Wines, 557 F.2d at 809, 194 USPQ at 264-65.

Harmon's position is based primarily on In re Bookbinder's, but in that case the court's decision reflects clearly the failure to prove any use in commerce. The court observed that "[t]he record indicates that appellant operates a single restaurant in Philadelphia, Pennsylvania, and the services relied on are rendered in that city," and that "[t]here are no affidavits or testimony of record and the application states merely that the mark is used 'for restaurant, catering and banquet services.'" 240 F.2d at 366, 368, 112 USPQ at 326, 328. The court also discounted as not probative the "unverified statement [by the applicant's attorney] that the services

were offered to customers and prospective customers in states adjoining Pennsylvania." 240 F.2d at 368, 112 USPQ at 328.

In In re Gastown, Inc., 326 F.2d 780, 140 USPQ 216 (CCPA 1964), decided seven years after Bookbinder's, the CCPA again discussed the "use in commerce" requirement set forth in Section 3 of the Lanham Act. In Gastown, the appellant operated a chain of automobile and truck service stations, some of which were located on federal highways. Although the services rendered by the appellant were confined to the State of Ohio, some of appellant's customers had their legal situs in other states, were engaged in interstate commerce when served by appellant in Ohio, and were extended credit and billed in their respective domiciliary states. The

court held that those circumstances established that the services had a direct effect on interstate commerce and were sufficient to show that applicant's mark was used in commerce within the meaning of Sections 3 and 45 of the Lanham Act.

The Bookbinder's and Gastown decisions are distinguishable from each other on the basis of the underlying evidence before the board in each case. See Gastown, 326 F.2d at 784, 140 USPQ at 218 (nothing the deficiency in proof of interstate commerce in Bookbinder's and stating that "[n]o weight . . . was given to those unverified statements"). In Bookbinder's, the evidence of record indicated that the applicant's services were not "rendered in commerce" within the meaning of the Act. In Gastown, the

opposite was true. 326 F.2d at 782, 140 USPQ at 217.

While the facts supporting Williams' contention that its service mark is used in commerce are not as extensive, or as persuasive, as those in Gastown, we are convinced they are sufficient to satisfy the statutory requirement for registration. In Gastown, the court approved the Fifth Circuit's observation that in enacting the Lanham Act "[i]t would seem that . . . Congress intended to regulate interstate and foreign commerce to the full extent of its constitutional powers," Gastown, 326 F.2d at 784, 140 USPQ at 218 (quoting the Fifth Circuit's decision in Bulova Watch Co. v. Steele, 194 F.2d 567, 571, 92 USPQ 266, 269 (5th Cir.), aff'd, 344 U.S. 280 (1952)).

Again, in Silenus Wines, the CCPA pointed to the "broadened commerce provisions of the Lanham Act" (quoting the Supreme Court's decision in Steele v. Bulova Watch Co., 344 U.S. at 287) and stated that the changed language regarding use in commerce in the Lanham Act "clearly involves a broadening of jurisdiction." 557 F.2d at 810, 194 USPQ at 26. The court also quoted from the Supreme Court's decision in Wickard v. Filburn, 317 U.S. 111, 125 (1942), as indicating the scope of Congressional regulatory powers that the Supreme Court had sanctioned prior to the passage of the Lanham Act. Moreover, the Silenus Wines court found support for the broadened trademark jurisdiction in other federal courts' decisions which applied the infringement provisions of the Lanham Act:

> Our Gastown decision and this opinion are further fortified by the manner in which other federal courts have treated these terms, "use in commerce" and "commerce," when used in the infringement portion of the Lanham Act. [Footnote omitted.] Courts have uniformly held, in the infringement context, that "commerce" includes intrastate transactions that affect interstate or foreign commerce. [Footnote omitted.] We see no basis for the meaning of commerce in the registration context to be different from the meaning in the infringement context, particularly since the meanings both derive from the same definition in 15 USC 1127 (1976).

557 F.2d at 811-12, 194 USPQ at 266-67 (emphasis in original).

In Silenus Wines, the CCPA expressly rejected the position of the Patent and Trademark Office that the statute is ambiguous and that the various statements in legislative history "contradict and overshadow [the] statutory definition of commerce." Id.

at 810-11, 194 USPQ at 265-66. The CCPA found instead that the Lanham Act contains "a clear and unambiguous definition of federal trademark jurisdiction" and that "with unambiguous language in a statute, it is improper to consider extrinsic sources like legislative history to raise ambiguities." Id. (footnote omitted). It also noted that "[w]hile some of the other hearing participants appear to have taken a position contrary to the language of the statute, their opinions as to what the statute should have said will not be used to reverse clear, contrary language in the statute." Id. at 811, 194 USPQ at 266.

Thus, our predecessor court whose decisions are binding on us, South Corporation v. United States, 690 F.2d 1368 (Fed. Cir. 1982) (in banc), has

unequivocally held that the definition of commerce in the Lanham Act means exactly what the statute says, i.e., "all commerce which may lawfully be regulated by Congress." In view of our precedent as to the scope of the use in commerce provision of the Lanham Act, we must reject Harmon's contention that its suggested non-statutory limitations, i.e., location on an interstate highway, or 50% of the meals furnished to interstate travelers, or regular advertising in out-of-state media, should be imposed on the registration of a mark used by a single-location restaurant.

The record here established that the BOZO'S mark has been used in connection with services rendered to customers traveling across state boundaries. It is not required that

such services be rendered in more than one state to satisfy the use in commerce requirement. See Gastown, 326 F.2d at 782-84, 140 USPQ at 217-18; see also In re Smith Oil Corp., 156 USPQ 62, 63 (TTAB 1967); 1 J. McCarthy, Trademarks and Unfair Competition, § 19:36.A at page 960 (2d ed. 1984). Harmon does not dispute that there has been some use in commerce of Williams' mark. It contends only that the volume of such activity was less than Williams' affidavit would indicate. Harmon, however, has produced no evidence to counter the proof of interstate activity by Williams, and its reliance on attorney arguments is similar to the situation in Bookbinder's where such arguments were given no weight. See Bookbinder's, 240 F.2d at 368, 112 USPQ at 216; Gastown, 326 F.2d at 784, 140 USPQ at 218.

We therefore reject Harmon's argument that a certain increased threshold level of interstate activity is required before registration of the mark used by a single-location restaurant may be granted. The Lanham Act by its terms extends to all commerce which Congress may regulate. This court does not have the power to narrow or restrict the unambiguous language of the statute. Accordingly, we affirm the decision of the board.

AFFIRMED

UNITED STATES COURT OF APPEALS FOR
THE FEDERAL CIRCUIT

89-1336

LARRY HARMON PICTURES CORPORATION,

Appellant,

v.

THE WILLIAMS RESTAURANT CORPORATION,

Appellee.

NEWMAN, Circuit Judge, dissenting.

This appeal raises questions of procedure and law, in both of which the Trademark Trial and Appeal Board erred. I respectfully dissent from this court's endorsement of those errors.

I

Procedure

Particularly in an administrative proceeding of the Trademark Board, where the entire record is documentary and the

factual premises few, there is scant benefit to imposing the strictures of Federal Rule 56 when there are material facts in dispute. The public and governmental interest in prompt and final resolution of disputes by administrative agencies is not served by too facile application of the rules governing summary judgment, with its required inferences and presumptions and burdens. See Celotex Corp. v. Catrett, 477 U.S. 317, 322 (1986). Indeed, in this case the Board incorrectly adopted the movant's version of disputed facts, and improperly shifted the burden of proof on summary judgment. See Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 250 (1986).

This case turns on the materials and disputed fact of the effect on interstate commerce of the restaurant

services at Bozo's Bar-B-Que Restaurant of Mason, Tennessee. Finding this fact is predicate to determination of whether the restaurant services were "rendered in commerce" in terms of Section 45 of the Lanham Act:

> 15 U.S.C. § 1127 [Section 45].
> * * *
> The word "commerce" means all commerce which may lawfully be regulated by Congress.
> * * *
> For purposes of this chapter, a mark shall be deemed to be in use in commerce-- . . .
> (2) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.

It was undisputed that Bozo's Restaurant services were not rendered in more than one state or in this and a foreign country. Thus the applicant was

required to show that the services were "rendered in commerce". In connection with that showing the parties disputed, inter alia, the factual issue of the extend of patronage of Bozo's Restaurant by customers from other states. This issue was material to determination of whether the restaurant's services were "rendered in commerce".

The Board erred in accepting, on summary judgment, the movant's version of this fact. The Board also erred in law, in holding that "some" contact with interstate commerce suffices to cause single-location restaurant services to be "rendered in commerce" within the meaning of the Lanham Act. The Board's explanation, that it would be burdensome on the trademark examination system to ascertain the actual effect on commerce of such intrastate services, is

insufficient reason to depart from the Lanham Act, with its balances, safeguards, and reasoned jurisprudence.

II

Single-Location Restaurant Services

Unlike the interstate movement of goods for purposes of trademark registration, the services of a single-location restaurant do not move across state borders. Federal registration of such service marks invokes other criteria, all of which relate to the extent of interstate contact of the local service establishment. With sufficient interstate contact, services provide entirely intrastate may indeed satisfy the Lanham Act requirements. A useful body of decisional law has developed, providing legal analysis and guidance in the context of statutory intent and public policy.

A

Precedent is sparse for single-location restaurants. The only court decision cited is In re Bookbinder's Restaurant, Inc., 240 F.2d 365, 112 USPQ 326 (CCPA 1957), wherein the CCPA held that the applicant did not make a sufficient showing to establish that its services were rendered in commerce within the meaning of the Lanham Act, the court holding that attorney argument alone was insufficient. Id. at 368, 112 USPQ at 328. In In re Smith Oil Corp., 156 USPQ 62 (TTAB 1967) the Board authorized registration of the service mark of a single-location restaurant located on an interstate highway, where "many, if not the majority" of the patrons were from out-of-state. Id. at 62.

For services other than restaurants there is substantial authority, accompanied by edifying analysis. In In re Gastown, 326 F.2d 780, 140 USPQ 216 (CCPA 1964) federal registration was granted for the service mark of a chain of automobile and truck service stations located only in Ohio; the CCPA held that the location of some of these stations on interstate highways, the frequent patronage by out-of-state vehicles and persons engaged in interstate commerce, the road service provided to disabled vehicles from out-of-state, and the extension of credit and out-of-state billing, were sufficient to show that the services rendered had a "direct effect" on commerce. Id. at 784, 140 USPQ at 218.

In In re Silenus Wines, Inc., 557 F.2d 806, 194 USPQ 261 (CCPA 1977) the

CCPA discussed its holding in Gastown, explaining that a service mark is used in commerce when the services "directly affect interstate commerce". Id. at 808 & n.3, 194 USPQ at 263 & n.3. The court stated that such direct effect requires that two elements pertain, i.e., "when the services are sold intrastate to persons moving in interstate commerce, and the services are of the type necessary for the accomplishment of the interstate commerce." Id. The court held that Silenus Wines' trademark was used in commerce because it was affixed to bottles of wine that were imported from France and sold intrastate, remarking that "appellant's sale within Massachusetts was so intimately involved with foreign commerce as to become a 'use in commerce' as defined in the Lanham Act". Id. at 809, 194 USPQ at

264. As applied to the case at bar, I can not agree with the panel majority that Silenus Wines supports a broadened scope of the Lanham Act.

To the contrary, in accord with the Silenus Wines discussion of the criteria for service mark registration, the Board refused registration of the service mark of a beauty shop, In re Conti, 220 USPQ 745 (TTAB 1983), and a service mark for housing development and real estate services, In re U.S. Home Corp. of Texas, 199 USPQ 698, recon. denied, 201 USPQ 602 (TTAB 1978). In Conti the Board rejected the applicant's argument that it local beauty salon services were rendered in commerce for purposes of the Lanham Act because it was a public accommodation regulable under the Civil Rights Act. 220 USPQ at 747. In U.S. Home the Board rejected the argument

that because the real estate services were governed by the Federal Fair Housing Act that bars discrimination in housing, the services were rendered in commerce for purposes of the Lanham Act. Id., 199 USPQ at 701-02. These cases correctly implement the premise that the criterion for registration under the Lanham Act is whether the services are rendered in commerce.

B

Federal service mark registration is a statutory grant, enlarging common law rights. The requirement of the words "rendered in commerce" is of carefully delineated scope, and is not identical to the scope of different words in other statutes. See the discussion in United States v. Gillies, 851 F.2d 492, 493, 494 (1st Cir.), cert. denied, 109 S. Ct. 147 (1988), of such

statutory usages as "in commerce", "engaged in commerce", and "affecting commerce". Thus in U.S. Home the Board correctly held that the effect of prohibited discrimination on commerce does not mean that the accompanying local service mark is registrable under the Lanham Act. These are different issues, and the issue of applicability of the Lanham Act turns on whether Congress intended to authorize nation-wide registration of the service marks of local restaurants when Congress used the phrase "services . . . rendered in commerce"; not whether it has the power to do so under the Constitution.

The distinction between the power to legislate, and the intended scope of a specific act of Congress, pervades judicial decisions. The Supreme Court summarized the truism that not all

legislation based on the Commerce Clause invokes the full power of Congress:

> The phrase "in commerce" does not, of course, necessarily have a uniform meaning whenever used by Congress.

United States v. American Building Maintenance Industries, 422 U.S. 271, 277 (1975) (holding that the usage "engaged in commerce" of the Clayton Act was not intended to be coextensive with the reach of congressional power under the Commerce Clause, and was intentionally narrower than the usage "affecting commerce").

Thus the determination of how much interstate contact is required to transform a single-location restaurant's local services into services rendered in commerce must be decided in view of the statute governing federal service mark registration. Congress was not silent as to its intent that intrastate

commerce shall be excluded. The legislative history of the Lanham Act clearly shows the purpose to deny federal registration to marks for "local matters that affect or hamper interstate commerce":

> Senator PEPPER: Mr. Kelley [testifying for the Federal Trade Commission] . . . would you mind suspending at this point so that we may get a statement from Miss [Daphne] Robert [testifying for the American Bar Association] as to whether it is her opinion that it is the intent of Congress that this bill apply to any sort of intrastate commerce?
>
> Mr. KELLEY: Yes, Sir.
>
> Miss ROBERT: That is not my understanding of it, Senator.
>
> Senator PEPPER: It is your understanding that it is the intent of the bill, and if enacted will be the intent of Congress, to apply only to commerce among the States?
>
> Miss ROBERT: That is my understanding -- and foreign commerce.

> Senator PEPPER: Very well. Is that the general opinion of the people who are here today as proponents of it? * * *
>
> Senator PEPPER: I should like the record to show that, by their silence, those who are here today as proponents of the bill have agreed to the statement of [Congressman] Lanham, the author of the bill, and of Miss Robert, who has been regarded as one of the able spokesmen for it, that it is the intention of the bill to apply only to commerce among the States and to foreign commerce.
>
> Mr. KELLEY: And not to local matters that affect or hamper interstate commerce. That is the point, I think.
>
> Senator PEPPER: That is correct.

Hearings on H.R. 82 before a Subcommittee of the Senate Committee on Patents, 78th Cong., 2d Sess. at 133 (1944).

Thus the courts and the trademark registration authorities have required, for registration of local service marks,

more than "some" contact with interstate commerce. Shortly after enactment of the Lanham Act, the Assistant Commissioner for Trademarks, stating that the Act required that registrable services be "actively rendered in interstate commerce", denied federal registration to the service mark of an automobile paint shop despite its location on an interstate highway serving cars with out-of-state license plates and its advertising in newspapers with interstate circulation. In re Gill, 87 USPQ 274, 275 (Comm'r Pat. 1950). Subsequent rulings did not depart from this standard.

C

The Board held that the provision at Bozo's Bar-B-Que Restaurant of services to some interstate travellers, accompanied by a few free mentions in

out of state publications, satisfied the "rendered in commerce" requirement of the Lanham Act.

The parties disputed the extent of interstate patronage, the applicant estimating that fifteen percent of its customers were from out-of-state, and the opposer observing that during a busy lunchtime there were no cars at all with out-of-state licenses. Bozo's Restaurant had received four or five mentions by newspaper columnists in other states and in a cookbook, but all but one of these instances occurred after the filing date of the application for federal registration. Use in commerce, to support a trademark application, must be made before the filing date of the application. 15 U.S.C. § 1051(a) [Section 1 Lanham Act].

Further, an unsolicited mention in an article is not "use" in commerce. Such evidence has served with varying success to support a claim to priority, but not to support registration. See Old Swiss House, Inc. v. Anheuser-Busch, Inc., 569 F.2d 1130, 1133, 196 USPQ 808, 810 (CCPA 1978) (references to a mark "buried in the body of the articles" is "not the type of public exposure of a mark that would be expected to have any significant impact on the purchasing public.") The Board erred in relying on this evidence.

Other factual circumstances that were generally undisputed add weight to the strictly local nature of Bozo's Restaurant: It was not on an interstate highway or near a state line. It was not listed in any travel guide. It was not listed in any restaurant guide. It

was not advertised in any out-of-state media. It had no liquor license, accepted no credit cards, and took no reservations. It was closed on Sundays.

Even if the rules governing summary judgment were correctly ignored by the Board, these facts do not meet the threshold criterion of services "rendered in commerce", as defined by law and policy.

This court can not ignore the potential impact on all commerce of authorizing national registration of local marks based on reduced standards for determining use in commerce: The issue on which Senator Pepper sought assurance from Congressman Lanham and Miss Robert. The Lanham Act does not and need not apply to predominantly local services. The state trademark

registrations of fifty states are designed for this purpose.

I would reverse the Board's grant of summary judgment, and remand for development of an adequate evidentiary record and application of the correct law to the found facts.

OPINION OF TRADEMARK TRIAL
AND APPEAL BOARD

UNITED STATES DEPARTMENT OF COMMERCE
Patent and Trademark Office
ASSISTANT SECRETARY AND COMMISSIONER
OF PATENTS AND TRADEMARKS
Washington, D.C. 20231

Opposition No. 73,217

Larry Harmon Pictures
Corporation

vs.

The Williams Restaurant
Corporation

This matter is before us on a motion for summary judgment filed by applicant, The Williams Restaurant Corporation. Applicant is seeking to register the mark BOZO'S for restaurant services.

As the basis for its opposition, opposer, Larry Harmon Pictures Corporation, alleges as follows: "Upon information and belief, the Applicant's

restaurant services are being rendered in intrastate rather than interstate commerce as of the filing date of this application. Accordingly, Applicant is not entitled to a federal registration since there was no use of the mark 'in commerce' within the meaning of Section 1 of the Lanham Act." (Amended Notice of Opposition Paragraph 10).

Applicant seeks summary judgment on the basis that there is no genuine dispute of fact that "Applicant used the mark BOZO'S in interstate commerce in connection with the rendering of restaurant services at least as early as the filing date of this application." (Applicant's Brief Page 6).

In response to applicant's motion for summary judgment, opposer acknowledges that applicant's restaurant--located in Mason, Tennessee-

-serves some interstate travelers. For example, see page 36 of opposer's brief which contains the following passage: "It is common knowledge that every corner of the U.S. is criss-crossed by interstate travelers... These people must all eat when traveling, and most patronize restaurants. Every local restaurant cannot fail to have a few such interstate travelers as customers." However, it is opposer's position that there exists a factual dispute as to the extent of applicant's activities in interstate commerce. Opposer urges that when dealing with the service mark application of a restaurant located within a single state, "the Board must set a higher standard for federal registration than serving a small number of interstate travelers, the standard that Applicant apparently proposes."

(Opposer's brief page 37). Indeed, opposer urges that "a rule requiring a fairly high threshold of involvement in interstate commerce makes practical sense to prevent the P.T.O. from being required to process an unmanageably large number of applications by small restaurants." (Opposer's brief page 36).

In considering applicant's motion for summary judgment, we will resolve all factual disputes in favor of the party contesting the motion, in this case the opposer. Moreover, we will construe all inferences to be drawn from established facts in the light most favorable to the opposer.

Since 1923, applicant has operated BOZO'S pit bar-b-que restaurant in Mason, Tennessee. It is about a 50 or 60 minute drive from BOZO's to Memphis.

(Opposer's brief page 4). According to opposer, "it is common knowledge that Memphis is a large city and a major commercial center for the Mid-South region." (Opposer's brief page 16). With its papers in opposition to applicant's motion for summary judgment, opposer has submitted a four page brochure entitled Memphis Community Data which it obtained from the Memphis Area Chamber of Commerce. That brochure indicates that the Memphis Metropolitan Statistical Area comprises not only a portion of Tennessee, but also portions of Mississippi and Arkansas.[1]

---

[1] The brochure entitled Memphis Community Data states that a "Metropolitan Statistical Area (MSA) comprises a county containing a central city (or twin cities) of 50,000 inhabitants or more, plus contiguous countries that are socially and economically integrated with the central city."

Opposer concedes that BOZO'S "restaurant obviously is popular with Memphis residents... It is close enough (50-60 minutes) to make a pleasant outing from the city. Articles... from Memphis newspapers or magazines also refer to the restaurant's popularity with Memphis residents..." (Opposer's brief page 20). Moreover, BOZO'S restaurant has been at least mentioned in publications originating in New York, New York; Washington, D.C.; Dallas, Texas; Gila Bend, Arizona; and Palm Beach, Florida.

Based upon the foregoing undisputed facts, we find that applicant has made use of its service mark BOZO'S in a manner sufficient to satisfy the use in commerce requirement of Section 3 of the Lanham Trademark Act of 1946 (15 U.S.C. §1053). At the outset, we note that

there is no serious dispute "that it is not essential that a service mark be used in connection with services rendered in more than one state in order to satisfy the 'use in commerce' requirement of Section 3." In re Smith Oil Corp., 156 USPQ 62, 63 (TTAB 1967). As noted by Professor McCarthy, "a local restaurant which serves interstate travelers may obtain federal registration of its service mark, since its services are 'rendered in commerce.'" 1 J. McCarthy, Trademarks and Unfair Competition, §19:36 at page 961 (2d ed. 1984). There is no dispute that BOZO'S restaurant services are rendered to interstate travelers, and on this basis alone, applicant has satisfied the use in commerce requirement of Section 3. We are not persuaded that the United States Patent

and Trademark Office should adopt--and indeed legally could adopt--the "fairly high threshold of involvement in interstate commerce" standard for granting service mark registrations to local restaurants, as advocated by opposer. As this opposition proceeding fully demonstrates, such a standard--rather than reducing the work of the PTO--would in point of fact increase the burdens on the PTO by forcing the Examining Attorney to attempt to quantify the number of interstate customers served by a local restaurant.

Moreover, it is also clear that the advertising of services in interstate commerce will satisfy the use in commerce requirement of the Lanham Act even when the services are rendered in only one state. United States Shoe Corp. v. J. Riggs West, Inc., 221 USPQ

1020, 1022 (TTAB 1984). While the undisputed facts do not establish that applicant's restaurant services have been made known in interstate commerce by means of paid advertising, by the same token, these undisputed facts clearly indicate that applicant's services have received the benefit of free advertising in interstate commerce by means of the publications noted earlier in this opinion.[2]

Decision: Applicant's motion for summary judgment is granted, and the opposition is dismissed.

---

[2] Applicant did place advertisements mentioning BOZO'S restaurant with a Covington, Tennessee radio station (WKBL). However, because there is a genuine dispute of fact as to whether broadcasts from this radio station extended beyond the borders of Tennessee, we have not considered this radio advertising in reaching our decision.

L. E. Rooney

G. D. Krugman

E. W. Hanak
Members, Trademark
Trial and Appeal Board

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Supreme Court, U.S.
FILED
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No. 90-1966

IN THE

Supreme Court of the United States

OCTOBER TERM, 1990

LARRY HARMON PICTURES CORPORATION,
Petitioner,

v.

THE WILLIAMS RESTAURANT CORPORATION,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

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BRIEF IN OPPOSITION

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Gilson, Trademark Protection and Practice, Vol. 1, § 3.02[5] (1988) 11

In The

SUPREME COURT OF THE UNITED STATES

October Term, 1990

No. 90-1966

LARRY HARMON PICTURES CORPORATION,
Petitioner,

v.

THE WILLIAMS RESTAURANT CORPORATION,
Respondent.

On Petition for a Writ of Certiorari
to the United States Court of Appeals
for the Federal Circuit

BRIEF IN OPPOSITION

STATEMENT OF THE CASE

This is a petition for certiorari from the Court of Appeals for the Federal Circuit's affirmance of a grant of summary judgment by the United States

Patent and Trademark Office Trademark Trial And Appeal Board, dismissing Harmon's opposition to the application for registration by Williams[1] of the service mark BOZO'S for restaurant services. The court of appeals affirmed the Board's holding on the sole issue raised by the opposition, finding that Williams satisfied the use in commerce requirement of Section 3 of the Lanham Act, as a single location restaurant rendering services to interstate travelers. Harmon had argued on appeal that the use in commerce requirement of Section 3 could not be satisfied by a single-location restaurant, such as BOZO'S. The court of appeals specifically declined to circumscribe

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[1] Pursuant to Rule 29.1, Williams has no parent companies, subsidiaries or affiliates.

the statute in the manner urged by Harmon. A-9.

The undisputed facts are amply set forth in the opinion of the court of appeals appearing at A-4 through A-5.

REASONS FOR DENYING THE PETITION

I. Harmon Has Completely Failed to Establish Sufficient Reasons for this Court to Review the Ruling of the Court of Appeals for the Federal Circuit in this Case.

The petition for certiorari should be denied because it fails to set forth sufficient reasons for allowance of the writ. A review on writ of certiorari is not a matter of right, but of judicial discretion and will be granted only where there are special and important reasons therefor.

A. This Case Does Not Present Any of the Traditional Conflicts Justifying this Court's Review.

The basis of Harmon's petition falls under none of the illustrative reasons set forth in Supreme Court Rule 10. As Harmon acknowledges at page 9 of its petition, there is no conflict between circuits here, as is apparent from the history of the case, nor is there a conflict between a court of appeals and state court, nor does it involve a departure from the usual course of proceedings by an appellate court. The case does not involve an unsettled question of federal law that should be settled by the Supreme Court, nor does it present a federal question in a way that conflicts with applicable decisions of this Court as demonstrated herein.

B. Harmon's Assertion that this Case Is Ripe for Review Fails to Recognize that the Interest of One Litigant Does Not Justify Review by this Court.

It is difficult to determine with any certainty upon what basis Harmon urges that this case is ripe for review by the Court. Harmon's assertion at p. 9 of its petition that the "petition is significant" is unsupported. Harmon appears to be arguing that the petition is significant and therefore that the Court should review this case because the court of appeals' construction of the term "commerce" as defined in the Lanham Act, in accord with past decisions of that court, differs from Harmon's own interpretation of the term and has thwarted Harmon's nearly ten year quest to prevent Williams from securing a federal trademark registration. Clearly there must be more at stake than the

impact of the appellate court's affirmance of the trial court's summary judgment in favor of one litigant to elevate a particular issue to such national and great judicial importance as to justify review by this Court.

II. Contrary to Harmon's Assertions, the Decisions of the Court of Appeals for the Federal Circuit on this Issue Have Consistently Held that the Lanham Act Covers All Commerce Regulated by Congress.

It has been the law since 1964, when the 1964 Civil Rights Act was enacted and when the decision was rendered by the Supreme Court in Heart of Atlanta Motel v. United States, 379 U.S. 241 (1964), that services performed in one state to interstate travelers are rendered in commerce regulable by Congress within the power granted Congress by the commerce clause of the

Constitution. The United States Court of Customs and Patent Appeals (predecessor to the Court of Appeals for the Federal Circuit) ruled, also in 1964 in In re Gastown, Inc., 326 F.2d 780 (C.C.P.A. 1964), that a local auto service station which rendered services only in the state of Ohio was rendering its services in commerce because the services were provided to many customers who traveled across state lines. The Trademark Trial and Appeal Board caught up with the new reasoning in 1967 in In re Smith Oil, 156 U.S.P.Q. 62 (T.T.A.B. 1967), when it ruled that a local restaurant serving interstate travelers may obtain federal registration of its service mark since its services were rendered in commerce. As recently as 1983, the Trademark Trial and Appeal Board reaffirmed that restaurants are recognized as places of

public accommodation and when serving food to interstate travelers are engaged in commerce which may lawfully be regulated by Congress. In re Conti, 220 U.S.P.Q. 745 (T.T.A.B. 1983).

The Court of Customs and Patent Appeals has unequivocally held that the definition of commerce in the Lanham Act means exactly what the statute says, i.e., all commerce which may lawfully be regulated by Congress. In re Silenus Wines, Inc., 557 F.2d 806 (C.C.P.A. 1977). Since the Act contains a clear and unambiguous definition of federal trademark jurisdiction, it is improper to consider extrinsic sources like legislative history to raise ambiguities. The Lanham Act by its terms extends to all commerce which Congress may regulate, and therefore the Court of Appeals for the Federal Circuit

held that it does not have the power to narrow or restrict the unambiguous language of the statute. A-17 through A-18.

The Court of Appeals for the Federal Circuit found that it was established that the BOZO'S mark has been used in connection with services rendered to customers traveling across state boundaries and that it is not required that such services be rendered in more than one state to satisfy the use in commerce requirement, citing Gastown, 326 F.2d at 782; Smith Oil, 156 U.S.P.Q. at 63; and 1 J. McCarthy, Trademarks and Unfair Competition, § 19.36[c] at page 960 (2d ed. 1984).

Thus, there has been a continuity of thought in the Court of Appeals for the Federal Circuit and its predecessor court, the Court of Customs and Patent

Appeals, for nearly thirty years on the meaning of use in "commerce" under the Lanham Act. Contrary to Harmon's assertions, the past 45 years since enactment of the Lanham Act have not been rife with contradictory decisions on this issue.

The only case proffered by Harmon in support of its attempt to circumvent the express definition of "commerce" set forth in the Lanham Act is In re Application of Bookbinder's Restaurant, 240 F.2d 365 (C.C.P.A. 1957)[2], which is now uniformly recognized as representing the "older, now obsolete, rule" which was "distinguished away" by the C.C.P.A.

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[2]In Bookbinder's the C.C.P.A. held that services rendered by a single location restaurant were not rendered "in commerce;" customers traveling in interstate commerce did not have a sufficiently direct effect on interstate commerce.

in the 1964 Gastown case. See McCarthy, supra, § 19:36[c] at 959; accord Gilson, Trademark Protection and Practice, Vol. 1, § 3.02[5] at 3-39 through 41 (1988).

III. The Petition Contains Numerous Misstatements of Fact and Law.

A. The Petition Misrepresents the Holding of the Trademark Trial and Appeal Board.

The petition states at page 8 that the opposition was dismissed on "grounds that it was undisputed that any restaurant will serve at least a few interstate travelers and, 'on that basis alone,' the respondent satisfied the use in commerce requirement for federal registration of a mark," citing the Trademark Trial and Appeal Board's decision at page A-47. Actually the Trademark Trial and Appeal Board stated that there "is no dispute that BOZO'S

restaurant services are rendered to interstate travelers, and on this basis alone, applicant has satisfied the use in commerce requirement of Section 3."

B. The Petition Misrepresents the Holding of the Court of Appeals for the Federal Circuit.

The petition states at page 8 that "[t]he basis for the affirmance was that the Lanham Act allegedly allows registration of all businesses falling within the federal commerce power and that the local restaurant here clearly falls within that power. A-19." There is no such statement at A-19. Here, the court of appeals addressed the definition of commerce set forth in the Lanham Act, namely, all commerce which may lawfully be regulated by Congress, and expressly rejected Harmon's

contention that its suggested non-statutory limitations, i.e., location on an interstate highway, or 50% of the meals furnished to interstate travelers, or regular advertising in out-of-state media, should be imposed on the registration of a mark used by a single location restaurant. The court of appeals continued at A-19, noting that the record establishes that the BOZO'S mark has been used in connection with services rendered to customers traveling across state boundaries and concluding that it is not required that such services be rendered in more than one state to satisfy the use in commerce requirement.

C. Harmon Misstates the Positions of both the Court of Appeals for the Federal Circuit and the Trademark Trial and Appeal Board as Being Divided on the Issue of the Construction of the Use in Commerce Provision of the Lanham Act.

Contrary to the position taken by Harmon at page 10 of its petition, that the meaning of use in commerce as it applies to single location businesses has divided and perplexed the Court of Appeals for the Federal Circuit for decades, the cases on this issue in the court of appeals are not so divided so as to warrant Supreme Court review. The last decision of its predecessor court on the issue in 1964 in the Gastown case was followed by the Court of Appeals for the Federal Circuit in affirming the summary judgment entered by the board below in this case.

Upon close analysis the Trademark Trial and Appeal Board cases following Gastown have not been "hopelessly contradictory" as the petition states at page 12. With the exception of some dicta in the 1978 In re U.S. Homes Corp. of Texas, 201 U.S.P.Q. 602 (T.T.A.B. 1978), other cases such as In re Conti, 220 U.S.P.Q. 745 (T.T.A.B. 1983), United States Shoe Corp. v. J. Riggs West, 221 U.S.P.Q. 1020 (T.T.A.B. 1984), and Bonaventure Associates v. Westin Hotel Co., 218 U.S.P.Q. 537 (T.T.A.B. 1983), have acknowledged the Gastown tradition. Even U.S. Homes can be reconciled based upon its unique facts.[3] Thus, despite

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[3]In U.S. Homes the T.T.A.B. found use of a mark for planning and laying out residential communities and sale of real estate did not constitute use in commerce, distinguishing purely local real estate services from the restaurant services in Smith Oil, supra.

the fact that Appellate Judge Newman dissented, this issue is not ripe for review by the Supreme Court. Far from Harmon's characterizations of the last 45 years of history of the Lanham Act as being fraught with many contradictory decisions on this issue, during these past years since the enactment of the 1964 Civil Rights Act, the Supreme Court's ruling in Heart of Atlanta Motel and the Court of Customs and Patent Appeals' Gastown decision, the Trademark Trial and Appeal Board has exhibited a steady recognition of the extent of the reach of the Lanham Act over the use of marks in commerce.[4]

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[4]See McCarthy, supra, at p. 959: ". . . Patent and Trademark Office definition of interstate commerce has considerably broadened over the years."

D. The Petition Misstates the Law by Stating that the Court of Appeals Held that Every Purely Local Service Business is Entitled to Registration.

The petition misstates the Court of Appeals for the Federal Circuit's holding when it states at page 13:

> It held the Court of Appeals did 'not have the power' to interpret the statute as making any local businesses that Congress can regulate under the Commerce Clause (based on its effects on commerce) ineligible for federal registration. Thus, the majority held in effect that every purely local service business was entitled to a nation-wide federal registration of its service mark. A-21.

Actually, the statement of the Court of Appeals for the Federal Circuit at page A-21 was expressly limited to single-location restaurants. It stated, "We therefore reject Harmon's argument that a certain increased threshold level of interstate activity is required

before registration of the mark used by a single-location restaurant may be granted." The court of appeals found that the Lanham Act by its terms extends to all commerce which Congress may regulate and continued, "This court does not have the power to narrow or restrict the unambiguous language of the statute."

E. Harmon's Argument that the Supreme Court Has Already Established that Statutory Use of the Phrase "In Commerce" as Distinct from "Affecting Commerce" Controls the Construction of Use in Commerce Under the Lanham Act Is a Misstatement of Law.

Harmon states at page 15 that this Court has held repeatedly that the phrase "in commerce," as distinct from "affecting commerce," shows an intent by Congress not to legislate to the outer limits of Congressional power under the commerce clause and to leave small,

local businesses outside the coverage of the federal statute concerned, citing two Supreme Court cases, FTC v. Bunte Bros., 312 U.S. 349 (1941), dealing with the Federal Trade Commission Act and United States v. American Building Maintenance Industries, 442 U.S. 271 (1975), dealing with the Clayton Act. Actually, both of these Acts contain specific definitions of "commerce" as commerce among the several States or with foreign nations, or with any Territory, or between these entities.[5] Thus both

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[5]Title 15 U.S.C. § 44, of the FTC Act provides:

> 'Commerce' means commerce among the several States or with foreign nations, or in any Territory of the United States or in the District of Columbia, or between any such Territory and another, or between any such Territory and any State or foreign nation, or between the District of Columbia and any State or

the FTC and the Clayton Acts themselves define "commerce" more restrictively than the Lanham Act, making this argument incorrect and disingenuous.

Territory or foreign nation.

Title 15 U.S.C. § 12(a) of the Clayton Act provides:

> 'Commerce' as used herein, means trade or commerce among the several States and with foreign nations, or between the District of Columbia or any Territory of the United States and any State, Territory, or foreign nation, or between any insular possessions or other places under the jurisdiction of the United States, or between any such possession or place and any State or Territory of the United States or the District of Columbia or any foreign nation, or within the District of Columbia or any Territory or any insular possession or other place under the jurisdiction of the United States: Provided, That nothing in this Act contained shall apply to the Philippine Islands.

F. Harmon's Argument that Section 1(a)(1)(A) of the Lanham Act Is Further Support for the View that Congress Did Not Intend All Local Use of a Mark to Be Use in Commerce Misconstrues the Lanham Act.

At page 17, footnote 5, the petition states that further support for the view that Congress did not intend all local use of a mark to be "use in commerce," even if it affects commerce, is found in the Lanham Act, citing Section 1(a)(1)(A), 15 U.S.C. § 1051 (a)(1)(A), namely the requirement that an applicant set forth not only the date of first use but also the date of first use "in commerce," concluding that this implies that Congress contemplated that some use is so local as not to constitute "use in commerce." This statement reflects Harmon's untenable position that if one accepts the premise that a single location restaurant serving

interstate travelers is rendering its services "in commerce," purely local services cease to exist, thus entitling any service to federal registration of its mark. Neither the Trademark Trial and Appeal Board nor the Court of Appeals for the Federal Circuit have construed the use in commerce requirement of the Lanham Act as being satisfied by any use; neither court has taken the position that there is no distinction, factually or legally, between purely local use of a mark that does not rise to the level of use in commerce and use that does.

G. The Petition Incorrectly Characterizes the Denial of Certiorari as Having Grave Effects on the Balance of Federal/State Power.

At page 18, the petition states that denying certiorari would have "grave effects on the balance of

federal/state power and on the right of persons engaged in purely local activities to be free of interference from the federal bureaucracy." This is clearly not the case. Denial of certiorari would simply leave the law where it is and has been since 1964, that is, continuing to treat single location restaurants serving interstate travelers as rendering services in commerce for purposes of obtaining federal registrations for their marks. The Court of Appeals for the Federal Circuit decision made no new law, and a denial of certiorari has no value as precedent.

H. Harmon Improperly Invokes Legislative History in Its Effort to Avoid the Express Provisions of the Lanham Act.

Harmon argues at page 5 of its petition that it was the intent of

Congress in setting up the federal trademark system to provide for marks used nationally, not purely locally, leaving local businesses outside the federal trademark system. The colloquy of Senator Pepper and others during the 1944 hearings on enactment of the Lanham Act are beside the point, where, as here, the law as actually enacted provides a clear and unambiguous definition of federal trademark jurisdiction. With unambiguous language in a statute, it is improper to consider extrinsic sources like legislative history to raise ambiguities. See Silenus Wines, 557 F.2d at 810-11, as cited by the Court of Appeals for the Federal Circuit below at A-18.

As stated previously, since the Lanham Act by its terms extends to all commerce which Congress may regulate,

the Court of Appeals for the Federal Circuit properly held that it does not have the power to narrow or restrict the unambiguous language of the statute. See page A-18.

I. Harmon's Policy Argument Against Strict Construction of the Lanham Act is Entitled to No Consideration.

The petition also sets forth a policy argument regarding the overcrowding of the federal trademark register to support its argument that local businesses should not be entitled to federal registrations. The mere fact that Congress has recently enacted the Trademark Law Revision Act of 1988, establishing the intent-to-use basis for filing applications to federally register trademarks even before they are used, shows that, far from restricting the growth of trademark applicants,

Congress is encouraging the filing of new applications. This reality refutes Harmon's policy argument. Moreover, there is no factual support in the record for the allegations of the impact of the alleged "over-crowding" of the register, but simply attorney argument.

J. The Petition Incorrectly Attempts to Differentiate Services from Goods.

At page 28, the petition states that restaurant services differ from products in that the entire process happens in a single location in a single state and such services are not transportable in commerce and cannot be rendered remotely. Not only does this argument completely ignore the dictates of 15 U.S.C. § 1053(3) that service marks shall be registrable in the same manner and with the same effect as trademarks, this argument simply misses the point.

What a restaurant seeks to protect is its name and goodwill, its reputation, which can travel, through the media and through word of mouth, literally anywhere. If a single location restaurant has a reputation that extends throughout a multi-state area, to propose that its protection should stop at the state line of the state within which it is located would unjustifiably prevent it from benefitting from the advantages of federal registration when seeking to enforce its rights to prevent confusion to the public.

K. Harmon's Petition Actually Argues for a Change in Legislation.

During the opposition proceeding between the parties before the Trademark Trial and Appeal Board and again during Harmon's appeal of the summary dismissal of that proceeding, Harmon twice failed

to persuade either tribunal to adopt its proposed non-statutory limitations on the right of single location restaurants to obtain federal trademark registrations.[6] Now in its third effort, Harmon has narrowed even further the class of restaurants that would qualify for federal registration in the argument set forth at pages 26 through 31 of the petition. Under Harmon's most recent formulation, only restaurants with locations in more than one state are to be permitted to secure federal trademark registrations, a standard that harkens

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[6]Harmon had unsuccessfully argued for the adoption of a rule that in order for a single location restaurant to qualify as rendering services in commerce, thus entitling it to federal registration of its service mark, it must: be located on an interstate highway, or furnish 50% of its meals to interstate travelers, or have regular advertising in out-of-state media.

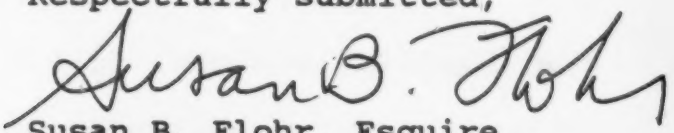
back to 1957 before the Bookbinder's ruling was discarded. At page 29, Harmon argues for a finding that "a local, single-location restaurant (and other similar service establishments, such as hair salons, dry cleaners, newsstands and shoe repair shops) fall outside the Lanham Act rationale of assuring uniform national treatment of a mark."

Review of this case by the Supreme Court is not the proper vehicle for Harmon to attain its goal of changing the law, which can only be addressed through the legislative process.

CONCLUSION

For the foregoing reasons, Williams respectfully requests that the petition for writ of certiorari be denied.

Respectfully submitted,



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